

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1409

ANSWERED ON:04.08.2006

IMPROVEMENT IN PROFIT OF NATIONALISED BANKS

Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India has directed the nationalised banks to control costs to compete in the global environment and to improve viability and profits;
- (b) if so, the action taken by the management of various nationalised banks in this regard ;
- (c) whether the consolidation in banking sector can help in achieving Gross Domestic Product target rate ;and
- (d) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) No, Sir. Reserve Bank of India has not issued any specific instruction to the nationalised banks in this regard.
- (b) Does not arise.
- (c) and (d) Consolidation in banking sector is viewed as an important feature for development of a sound and effective banking system to cater to the growing need of the economy. Though such consolidation may not directly lead to achievement of GDP targets, it is likely to have a catalytic effect on growth in overall economic activity in the country.